

By: Raymond

H.B. No. 650

A BILL TO BE ENTITLED

AN ACT

1
2 relating to an exemption from ad valorem taxation by certain taxing
3 units of a portion of the appraised value of the residence homestead
4 of the parent or guardian of a person who is disabled and who
5 resides with the parent or guardian.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

7 SECTION 1. Section 11.13, Tax Code, is amended by amending
8 Subsections (c), (d), and (h) and adding Subsection (d-1) to read as
9 follows:

10 (c) In addition to the exemption provided by Subsection (b)
11 ~~[of this section]~~, an individual ~~[adult]~~ who is disabled, is the
12 parent or guardian of a person who is disabled and who resides with
13 the parent or guardian, or is 65 years of age or older is entitled to
14 an exemption from taxation by a school district of \$10,000 of the
15 appraised value of the individual's ~~[his]~~ residence homestead.

16 (d) In addition to the exemptions provided by Subsections
17 (b) and (c) ~~[of this section]~~, an individual who is disabled, is the
18 parent or guardian of a person who is disabled and who resides with
19 the parent or guardian, or is 65 years of age or older is entitled to
20 an exemption from taxation by a taxing unit of the ~~[a]~~ portion
21 determined ~~[(the amount of which is fixed)]~~ as provided by
22 Subsection (e) ~~[of this section]~~ of the appraised value of the
23 individual's ~~[his]~~ residence homestead if the exemption is adopted
24 by ~~[either]~~:

1 (1) ~~by~~ the governing body of the taxing unit; or

2 (2) ~~by~~ a favorable vote of a majority of the
3 qualified voters of the taxing unit at an election called by the
4 governing body of the ~~a~~ taxing unit.

5 (d-1) The ~~, and the~~ governing body of a taxing unit shall
6 call an ~~the~~ election described by Subsection (d)(2) on the
7 petition of at least 20 percent of the number of qualified voters
8 who voted in the preceding election of the taxing unit.

9 (h) Joint, community, or successive owners may not each
10 receive the same exemption provided by or pursuant to this section
11 for the same residence homestead in the same tax year. An individual
12 who is eligible for more than one ~~[disabled person who is 65 or~~
13 ~~older may not receive both a disabled and an elderly residence~~
14 ~~homestead]~~ exemption under Subsection (c) or more than one
15 exemption under Subsection (d) from the same taxing unit in the same
16 tax year is entitled to ~~but may~~ choose and receive from that
17 taxing unit in that tax year only one exemption under each of those
18 subsections ~~[either if a taxing unit has adopted both]~~. An
19 individual who is eligible for more than one ~~[disabled person who is~~
20 ~~65 or older may receive both a disabled and an elderly residence~~
21 ~~homestead]~~ exemption under Subsection (c) or (d) in the same tax
22 year is entitled to receive each of those exemptions if the person
23 receives the exemptions with respect to taxes levied by different
24 taxing units. A person may not receive an exemption under this
25 section for more than one residence homestead in the same tax year.
26 An heir property owner who qualifies heir property as the owner's
27 residence homestead under this chapter is considered the sole

1 recipient of any exemption granted to the owner for the residence
2 homestead by or pursuant to this section.

3 SECTION 2. Section 25.19(1), Tax Code, is amended to read as
4 follows:

5 (1) In addition to the information required by Subsection
6 (b), the chief appraiser shall include with a notice required by
7 Subsection (a) a brief explanation of each total or partial
8 exemption of property from taxation required or authorized by this
9 title that is available to:

10 (1) a disabled veteran or the veteran's surviving
11 spouse or child;

12 (2) an individual who is 65 years of age or older or
13 the individual's surviving spouse;

14 (3) an individual who is disabled or the individual's
15 surviving spouse;

16 (4) an individual who is the parent or guardian of a
17 person who is disabled and who resides with the parent or guardian;

18 (5) the surviving spouse of a member of the armed
19 services of the United States who is killed in action; or

20 (6) (5) ~~(5)~~ the surviving spouse of a first responder
21 who is killed or fatally injured in the line of duty.

22 SECTION 3. Section 26.062(h), Tax Code, is amended to read
23 as follows:

24 (h) In calculating the average taxable value of a residence
25 homestead in the taxing unit for the preceding tax year and the
26 current tax year for purposes of Subsections (e) and (f), any
27 residence homestead exemption available only to individuals who are

1 disabled [~~persons~~], are the parents or guardians of persons who are
2 disabled and who reside with the parents or guardians, or are
3 [~~persons~~] 65 years of age or older[7] or their surviving spouses
4 must be disregarded.

5 SECTION 4. Section 44.004(c), Education Code, is amended to
6 read as follows:

7 (c) The notice of public meeting to discuss and adopt the
8 budget and the proposed tax rate may not be smaller than one-quarter
9 page of a standard-size or a tabloid-size newspaper, and the
10 headline on the notice must be in 18-point or larger type. Subject
11 to Subsection (d), the notice must:

12 (1) contain a statement in the following form:

13 "NOTICE OF PUBLIC MEETING TO DISCUSS BUDGET AND PROPOSED TAX RATE
14 "The (name of school district) will hold a public meeting at
15 (time, date, year) in (name of room, building, physical location,
16 city, state). The purpose of this meeting is to discuss the school
17 district's budget that will determine the tax rate that will be
18 adopted. Public participation in the discussion is invited." The
19 statement of the purpose of the meeting must be in bold type. In
20 reduced type, the notice must state: "The tax rate that is
21 ultimately adopted at this meeting or at a separate meeting at a
22 later date may not exceed the proposed rate shown below unless the
23 district publishes a revised notice containing the same information
24 and comparisons set out below and holds another public meeting to
25 discuss the revised notice.";

26 (2) contain a section entitled "Comparison of Proposed
27 Budget with Last Year's Budget," which must show the difference,

1 expressed as a percent increase or decrease, as applicable, in the
2 amounts budgeted for the preceding fiscal year and the amount
3 budgeted for the fiscal year that begins in the current tax year for
4 each of the following:

5 (A) maintenance and operations;

6 (B) debt service; and

7 (C) total expenditures;

8 (3) contain a section entitled "Total Appraised Value
9 and Total Taxable Value," which must show the total appraised value
10 and the total taxable value of all property and the total appraised
11 value and the total taxable value of new property taxable by the
12 district in the preceding tax year and the current tax year as
13 calculated under Section 26.04, Tax Code;

14 (4) contain a statement of the total amount of the
15 outstanding and unpaid bonded indebtedness of the school district;

16 (5) contain a section entitled "Comparison of Proposed
17 Rates with Last Year's Rates," which must:

18 (A) show in rows the tax rates described by
19 Subparagraphs (i)-(iii), expressed as amounts per \$100 valuation of
20 property, for columns entitled "Maintenance & Operations,"
21 "Interest & Sinking Fund," and "Total," which is the sum of
22 "Maintenance & Operations" and "Interest & Sinking Fund":

23 (i) the school district's "Last Year's
24 Rate";

25 (ii) the "Rate to Maintain Same Level of
26 Maintenance & Operations Revenue & Pay Debt Service," which:

27 (a) in the case of "Maintenance &

1 Operations," is the tax rate that, when applied to the current
2 taxable value for the district, as certified by the chief appraiser
3 under Section 26.01, Tax Code, and as adjusted to reflect changes
4 made by the chief appraiser as of the time the notice is prepared,
5 would impose taxes in an amount that, when added to state funds to
6 be distributed to the district under Chapter 48, would provide the
7 same amount of maintenance and operations taxes and state funds
8 distributed under Chapter 48 per student in average daily
9 attendance for the applicable school year that was available to the
10 district in the preceding school year; and

11 (b) in the case of "Interest & Sinking
12 Fund," is the tax rate that, when applied to the current taxable
13 value for the district, as certified by the chief appraiser under
14 Section 26.01, Tax Code, and as adjusted to reflect changes made by
15 the chief appraiser as of the time the notice is prepared, and when
16 multiplied by the district's anticipated collection rate, would
17 impose taxes in an amount that, when added to state funds to be
18 distributed to the district under Chapter 46 and any excess taxes
19 collected to service the district's debt during the preceding tax
20 year but not used for that purpose during that year, would provide
21 the amount required to service the district's debt; and

22 (iii) the "Proposed Rate";

23 (B) contain fourth and fifth columns aligned with
24 the columns required by Paragraph (A) that show, for each row
25 required by Paragraph (A):

26 (i) the "Local Revenue per Student," which
27 is computed by multiplying the district's total taxable value of

1 property, as certified by the chief appraiser for the applicable
2 school year under Section 26.01, Tax Code, and as adjusted to
3 reflect changes made by the chief appraiser as of the time the
4 notice is prepared, by the total tax rate, and dividing the product
5 by the number of students in average daily attendance in the
6 district for the applicable school year; and

7 (ii) the "State Revenue per Student," which
8 is computed by determining the amount of state aid received or to be
9 received by the district under Chapters 43, 46, and 48 and dividing
10 that amount by the number of students in average daily attendance in
11 the district for the applicable school year; and

12 (C) contain an asterisk after each calculation
13 for "Interest & Sinking Fund" and a footnote to the section that, in
14 reduced type, states "The Interest & Sinking Fund tax revenue is
15 used to pay for bonded indebtedness on construction, equipment, or
16 both. The bonds, and the tax rate necessary to pay those bonds, were
17 approved by the voters of this district.";

18 (6) contain a section entitled "Comparison of Proposed
19 Levy with Last Year's Levy on Average Residence," which must:

20 (A) show in rows the information described by
21 Subparagraphs (i)-(iv), rounded to the nearest dollar, for columns
22 entitled "Last Year" and "This Year":

23 (i) "Average Market Value of Residences,"
24 determined using the same group of residences for each year;

25 (ii) "Average Taxable Value of Residences,"
26 determined after taking into account the limitation on the
27 appraised value of residences under Section 23.23, Tax Code, and

1 after subtracting all homestead exemptions applicable in each year,
2 other than exemptions available only to individuals who are
3 disabled, are the parents or guardians of persons who are disabled
4 and who reside with the parents or guardians, [~~persons~~] or are
5 [~~persons~~] 65 years of age or older or their surviving spouses, and
6 using the same group of residences for each year;

7 (iii) "Last Year's Rate Versus Proposed
8 Rate per \$100 Value"; and

9 (iv) "Taxes Due on Average Residence,"
10 determined using the same group of residences for each year; and

11 (B) contain the following information: "Increase
12 (Decrease) in Taxes" expressed in dollars and cents, which is
13 computed by subtracting the "Taxes Due on Average Residence" for
14 the preceding tax year from the "Taxes Due on Average Residence" for
15 the current tax year;

16 (7) contain the following statement in bold print:
17 "Under state law, the dollar amount of school taxes imposed on the
18 residence of a person 65 years of age or older or of the surviving
19 spouse of such a person, if the surviving spouse was 55 years of age
20 or older when the person died, may not be increased above the amount
21 paid in the first year after the person turned 65, regardless of
22 changes in tax rate or property value.";

23 (8) contain the following statement in bold print:
24 "Notice of Voter-Approval Rate: The highest tax rate the district
25 can adopt before requiring voter approval at an election is (the
26 school district voter-approval rate determined under Section
27 [26.08](#), Tax Code). This election will be automatically held if the

1 district adopts a rate in excess of the voter-approval rate of (the
2 school district voter-approval rate)."; and

3 (9) contain a section entitled "Fund Balances," which
4 must include the estimated amount of interest and sinking fund
5 balances and the estimated amount of maintenance and operation or
6 general fund balances remaining at the end of the current fiscal
7 year that are not encumbered with or by corresponding debt
8 obligation, less estimated funds necessary for the operation of the
9 district before the receipt of the first payment under Chapter 48 in
10 the succeeding school year.

11 SECTION 5. Section 49.236(a), Water Code, is amended to
12 read as follows:

13 (a) Before the board adopts an ad valorem tax rate for the
14 district for debt service, operation and maintenance purposes, or
15 contract purposes, the board shall give notice of each meeting of
16 the board at which the adoption of a tax rate will be
17 considered. The notice must:

18 (1) contain a statement in substantially the following
19 form:

20 "NOTICE OF PUBLIC HEARING ON TAX RATE

21 "The (name of the district) will hold a public hearing on a
22 proposed tax rate for the tax year (year of tax levy) on (date and
23 time) at (meeting place). Your individual taxes may increase at a
24 greater or lesser rate, or even decrease, depending on the tax rate
25 that is adopted and on the change in the taxable value of your
26 property in relation to the change in taxable value of all other
27 property. The change in the taxable value of your property in

1 relation to the change in the taxable value of all other property
2 determines the distribution of the tax burden among all property
3 owners.

4 "(Names of all board members and, if a vote was taken, an
5 indication of how each voted on the proposed tax rate and an
6 indication of any absences.)";

7 (2) contain the following information:

8 (A) the district's total adopted tax rate for the
9 preceding year and the proposed tax rate, expressed as an amount per
10 \$100;

11 (B) the difference, expressed as an amount per
12 \$100 and as a percent increase or decrease, as applicable, in the
13 proposed tax rate compared to the adopted tax rate for the preceding
14 year;

15 (C) the average appraised value of a residence
16 homestead in the district in the preceding year and in the current
17 year; the district's total homestead exemption, other than an
18 exemption available only to individuals who are disabled, are the
19 parents or guardians of persons who are disabled and who reside with
20 the parents or guardians, [persons] or are [persons] 65 years of age
21 or older, applicable to that appraised value in each of those years;
22 and the average taxable value of a residence homestead in the
23 district in each of those years, disregarding any homestead
24 exemption available only to individuals who are disabled, are the
25 parents or guardians of persons who are disabled and who reside with
26 the parents or guardians, [persons] or are [persons] 65 years of age
27 or older;

1 (D) the amount of tax that would have been
2 imposed by the district in the preceding year on a residence
3 homestead appraised at the average appraised value of a residence
4 homestead in that year, disregarding any homestead exemption
5 available only to individuals who are disabled, are the parents or
6 guardians of persons who are disabled and who reside with the
7 parents or guardians, [persons] or are [persons] 65 years of age or
8 older;

9 (E) the amount of tax that would be imposed by the
10 district in the current year on a residence homestead appraised at
11 the average appraised value of a residence homestead in that year,
12 disregarding any homestead exemption available only to individuals
13 who are disabled, are the parents or guardians of persons who are
14 disabled and who reside with the parents or guardians, [persons] or
15 are [persons] 65 years of age or older, if the proposed tax rate is
16 adopted;

17 (F) the difference between the amounts of tax
18 calculated under Paragraphs (D) and (E), expressed in dollars and
19 cents and described as the annual percentage increase or decrease,
20 as applicable, in the tax to be imposed by the district on the
21 average residence homestead in the district in the current year if
22 the proposed tax rate is adopted; and

23 (G) if the proposed combined debt service,
24 operation and maintenance, and contract tax rate requires or
25 authorizes an election to approve or reduce the tax rate, as
26 applicable, a description of the purpose of the proposed tax
27 increase;

1 (3) contain a statement in substantially the following
2 form, as applicable:

3 (A) if the district is a district described by
4 Section 49.23601:

5 "NOTICE OF VOTE ON TAX RATE

6 "If the district adopts a combined debt service, operation
7 and maintenance, and contract tax rate that would result in the
8 taxes on the average residence homestead increasing by more than
9 eight percent, an election must be held to determine whether to
10 approve the operation and maintenance tax rate under Section
11 49.23601, Water Code.";

12 (B) if the district is a district described by
13 Section 49.23602:

14 "NOTICE OF VOTE ON TAX RATE

15 "If the district adopts a combined debt service, operation
16 and maintenance, and contract tax rate that would result in the
17 taxes on the average residence homestead increasing by more than
18 3.5 percent, an election must be held to determine whether to
19 approve the operation and maintenance tax rate under Section
20 49.23602, Water Code."; or

21 (C) if the district is a district described by
22 Section 49.23603:

23 "NOTICE OF TAXPAYERS' RIGHT TO ELECTION TO REDUCE TAX RATE

24 "If the district adopts a combined debt service, operation
25 and maintenance, and contract tax rate that would result in the
26 taxes on the average residence homestead increasing by more than
27 eight percent, the qualified voters of the district by petition may

1 require that an election be held to determine whether to reduce the
2 operation and maintenance tax rate to the voter-approval tax rate
3 under Section 49.23603, Water Code."; and

4 (4) include the following statement: "The 86th Texas
5 Legislature modified the manner in which the voter-approval tax
6 rate is calculated to limit the rate of growth of property taxes in
7 the state.".

8 SECTION 6. Sections 49.23601(a) and (c), Water Code, are
9 amended to read as follows:

10 (a) In this section, "voter-approval tax rate" means the
11 rate equal to the sum of the following tax rates for the district:

- 12 (1) the current year's debt service tax rate;
- 13 (2) the current year's contract tax rate; and
- 14 (3) the operation and maintenance tax rate that would
15 impose 1.08 times the amount of the operation and maintenance tax
16 imposed by the district in the preceding year on a residence
17 homestead appraised at the average appraised value of a residence
18 homestead in the district in that year, disregarding any homestead
19 exemption available only to individuals who are disabled, are the
20 parents or guardians of persons who are disabled and who reside with
21 the parents or guardians, [persons] or are [persons] 65 years of age
22 or older.

23 (c) If the board of a district adopts a combined debt
24 service, contract, and operation and maintenance tax rate that
25 would impose more than 1.08 times the amount of tax imposed by the
26 district in the preceding year on a residence homestead appraised
27 at the average appraised value of a residence homestead in the

1 district in that year, disregarding any homestead exemption
2 available only to individuals who are disabled, are the parents or
3 guardians of persons who are disabled and who reside with the
4 parents or guardians, [persons] or are [persons] 65 years of age or
5 older, an election must be held in accordance with the procedures
6 provided by Sections 26.07(c)-(g), Tax Code, to determine whether
7 to approve the adopted tax rate. If the adopted tax rate is not
8 approved at the election, the district's tax rate is the
9 voter-approval tax rate.

10 SECTION 7. Sections 49.23602(a)(2) and (4), Water Code, are
11 amended to read as follows:

12 (2) "Mandatory tax election rate" means the rate equal
13 to the sum of the following tax rates for the district:

14 (A) the rate that would impose 1.035 times the
15 amount of tax imposed by the district in the preceding year on a
16 residence homestead appraised at the average appraised value of a
17 residence homestead in the district in that year, disregarding any
18 homestead exemption available only to individuals who are disabled,
19 are the parents or guardians of persons who are disabled and who
20 reside with the parents or guardians, [persons] or are [persons] 65
21 years of age or older; and

22 (B) the unused increment rate.

23 (4) "Voter-approval tax rate" means the rate equal to
24 the sum of the following tax rates for the district:

25 (A) the current year's debt service tax rate;

26 (B) the current year's contract tax rate;

27 (C) the operation and maintenance tax rate that

1 would impose 1.035 times the amount of the operation and
2 maintenance tax imposed by the district in the preceding year on a
3 residence homestead appraised at the average appraised value of a
4 residence homestead in the district in that year, disregarding any
5 homestead exemption available only to individuals who are disabled,
6 are the parents or guardians of persons who are disabled and who
7 reside with the parents or guardians, ~~[persons]~~ or are ~~[persons]~~ 65
8 years of age or older; and

9 (D) the unused increment rate.

10 SECTION 8. Sections 49.23603(a) and (c), Water Code, are
11 amended to read as follows:

12 (a) In this section, "voter-approval tax rate" means the
13 rate equal to the sum of the following tax rates for the district:

- 14 (1) the current year's debt service tax rate;
- 15 (2) the current year's contract tax rate; and
- 16 (3) the operation and maintenance tax rate that would
17 impose 1.08 times the amount of the operation and maintenance tax
18 imposed by the district in the preceding year on a residence
19 homestead appraised at the average appraised value of a residence
20 homestead in the district in that year, disregarding any homestead
21 exemption available only to individuals who are disabled, are the
22 parents or guardians of persons who are disabled and who reside with
23 the parents or guardians, ~~[persons]~~ or are ~~[persons]~~ 65 years of age
24 or older.

25 (c) If the board of a district adopts a combined debt
26 service, contract, and operation and maintenance tax rate that
27 would impose more than 1.08 times the amount of tax imposed by the

1 district in the preceding year on a residence homestead appraised
2 at the average appraised value of a residence homestead in the
3 district in that year, disregarding any homestead exemption
4 available only to individuals who are disabled, are the parents or
5 guardians of persons who are disabled and who reside with the
6 parents or guardians, [persons] or are [persons] 65 years of age or
7 older, the qualified voters of the district by petition may require
8 that an election be held to determine whether to reduce the tax rate
9 adopted for the current year to the voter-approval tax rate in
10 accordance with the procedures provided by Sections 26.075 and
11 26.081, Tax Code.

12 SECTION 9. This Act applies only to ad valorem taxes imposed
13 for a tax year that begins on or after the effective date of this
14 Act.

15 SECTION 10. This Act takes effect January 1, 2022, but only
16 if the constitutional amendment proposed by the 87th Legislature,
17 Regular Session, 2021, to provide for an exemption from ad valorem
18 taxation by certain political subdivisions of a portion of the
19 market value of the residence homestead of the parent or guardian of
20 a person who is disabled and who resides with the parent or guardian
21 is approved by the voters. If that amendment is not approved by the
22 voters, this Act has no effect.